

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11  
Case Nos. 00-41065  
: through 00-41188 (SMB)  
RANDALL'S ISLAND FAMILY GOLF  
CENTERS, INC : (Jointly Administered)  
  
Debtor. :  
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**APPLICATION OF ORIX USA CORP. FOR AN ORDER AUTHORIZING  
PAYMENT TO ORIX USA CORP. OF ITS SECURED CLAIM FROM THE  
PROCEEDS OF THE SALE OF CERTAIN PROPERTY TO KLAK GOLF, LLC**

To the Hon. Stuart M. Bernstein, Chief United States  
Bankruptcy Judge:

ORIX USA Corp. ("ORIX"), for their application (the  
"Application") for an Order authorizing Debtors to pay ORIX  
the amount of ORIX's secured claim from the proceeds received  
by Debtors from the sale of certain properties to Klak Golf  
LLC, which proceeds (the "Proceeds") are maintained in a  
segregated account pursuant to this Court's prior orders,  
respectfully represent as follows:

**Background**

1. On or about May 15, 1995, debtor Family Golf  
Centers, Inc. ("Borrower") signed a note and mortgage  
(respectively, the "Note" and "Mortgage"), pursuant to which  
Borrower promised to pay ORIX the principal amount of \$3  
million, plus interest and other charges in accordance with

the terms of the Note and Mortgage. The Mortgage was a first mortgage lien on property located at and known as Hiland Golf Club, Queensbury, New York (the "Mortgaged Premises"). The mortgage was duly and properly filed with the Warren County Clerk, and, at the time of the filing of the Borrower's bankruptcy petition herein, constituted a first mortgage lien on the Mortgaged Premises.

2. By Order dated September 7, 2000 ("Sale Order"), this Court granted Debtors' application to sell certain properties, including the Mortgaged Premises, to Klak Golf, LLC, free and clear of existing liens, including the lien of ORIX's mortgage on the Mortgaged Premises. A copy of the Sale Order is annexed hereto as Exhibit A. Pursuant to the terms of the Sale Order and 11 U.S.C. § 552(b)(1), ORIX's Mortgage lien attached to the proceeds of the sale of the Mortgaged Premises.

3. Pursuant to the Sale Order, all proceeds of the sale (the "Proceeds") were to be deposited by Debtors into a segregated, interest-bearing account of the debtors and be held therein until further order of this Court. The Sale Order further provided "that upon determination by the Court of the perfection, extent and value of the lien(s) of ORIX USA

Corporation on the Queensbury, New York facility, there shall be paid from the account such amount."

4. By Stipulation and Order, "so ordered" by this Court on November 28, 2000, the perfection, extent and value of ORIX's lien on the Mortgaged Premises was determined and established in an adversary proceeding commenced by ORIX. A copy of the Stipulation and Order is annexed hereto as Exhibit B.

5. Pursuant to the Stipulation and Order, the amount of ORIX's lien was determined as follows:

(a) \$2,712,000 in principal plus  
(b) \$13,136.25 in pre-petition  
interest plus (c) post-petition  
interest at the rate of \$762.75  
per diem from November 1, 2000 to  
the date of payment, plus (d)  
\$113,208.66 for ORIX's cost and  
expenses, including legal fees.

Exhibit B, Stipulation and Order, ¶ 3.

6. Based upon the foregoing determination of the perfection, extent and value of ORIX's lien, ORIX hereby requests entry of the annexed Order authorizing and directing Debtors to pay to ORIX the sum of \$2,838,344.91, plus \$762.75 per diem from November 1, 2000 through the date of payment. This amount which ORIX requests payment represents the amount due ORIX on the Note and Mortgage, which amount was fully secured by the Mortgage.

### Notice

7. ORIX has provided notice of this application to (i) Fried, Frank, Harris, Shriver & Jacobson, attorneys for Debtors, (ii) Berlack, Israels & Liberman, LLC, attorneys for The Official Committee of Unsecured Creditors, (iii) Morgan, Lewis & Bockius, LLP, attorneys for The Chase Manhattan Bank, N.A., as Pre-Petition Agent and Post-Petition Agent, (iv) the Office of the United States Trustee, (v) Wong & Fleming PC, attorneys for China Trust Bank (U.S.A.), (vi) Ravin, Greenberg & Marks, PA, counsel for Flemington Equities VII; (vii) such other parties set forth in the Notice of Presentment which may have a lien on the Proceeds; which foregoing parties, as required by the Sale Order, ORIX believes, after due inquiry, to be the only parties claiming a lien on the Proceeds. Pursuant to the terms of the Sale Order, ORIX respectfully submits that no other or further notice of the relief requested in this application should be required.

**WHEREFORE**, ORIX requests entry of the annexed Order authorizing and directing Debtors to pay ORIX the amount set forth herein as full satisfaction of ORIX's secured claim, and granting ORIX such other, further and different relief as this Court may deem just, proper and equitable.

Dated: New York, New York

November 30, 2000

ARONAUER, GOLDFARB, SILLS  
& RE, LLP

By: /s/ Kenneth S. Yudell

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Kenneth S. Yudell, an  
associate of the Firm  
Attorneys for ORIX USA Corp.  
444 Madison Avenue, 17th Floor

New York, New York 10022  
(212) 755-6000  
KY-3259